

**Lanesboro Public Utilities**

**Council Chambers**

**12:00 p.m., January 29, 2010**

**Member(s) Present: Evenson and O'Connor**

**Absent: Schuck**

**Visitors: Ed Taylor, Rick Lamon, Rich Horihan, Scott and Karla Strom, Jerod Wagner, Jim Peterson and Bobbie Vickerman**

**REGULAR MEETING:**

The meeting was called to order by Chairman Evenson. The agenda was approved with the additions of a capital asset management plan and 1.5% electrical reduction plan with a motion by O'Connor, second by Evenson, motion carried. The minutes of the Regular Utilities meeting on December 21<sup>st</sup>, 2009, were approved with a motion by O'Connor, second by Evenson, motion carried.

**PERSONS WITH BUSINESS BEFORE THE COMMISSION:**

**Rick Lamon, Rich Horihan, Ed Taylor, Scott and Karla Strom: Grocery Store**

Rick Lamon presented the Commission with two handouts in regards to the groups hope to start up a grocery store. There were a few different areas for which the group needed answers from the Commission. The first item that was addressed was the 10% rebate on Energy Star and energy efficient appliances and lighting. Lamon noted that he had spoken with Vickerman and she had stated the guidelines that the Public Utilities had been using for commercial properties were a 10% rebate. Lamon asked if they had 400,000 of lighting, coolers and fixtures, could they get \$40,000 in rebates and if not could the Commission let them know what the limit was for rebates in any given year. Vickerman and Wagner verified that the Conservation plan for the state has a dollar amount that needs to be used for energy efficient replacements each year and both felt that that the 2009 and 2010 budget was right around \$9,000. Vickerman stated that it does not mean that a larger rebate could not be given, that figure is what we are required to spend eternally and internally and it's based on gross electrical sales. The next topic that was brought up was utility rates. Lamon noting that one of the major reasons that the grocery store could not make it was due to high utility costs. The group was asking if there could be some type of high user discount or if base fees could be looked at.

Wagner explained that due to the inefficiencies of the equipment and the structure, a good portion of the past bills could be directly related to those two factors. O'Connor noted that the Commission is continually looking at rates and will continue to do so and will keep the grocery store in mind. The third topic for discussion was funding for the grocery store. Lamon pointed out that Wagner and Vickerman were present for the meeting with the USDA and DEED to discuss funding opportunities for the Grocery Store. The Redleg funding seemed to be the best opportunity and a public utility was required. However, there was some question as to whether the Municipal electric would qualify. Another option that was discussed was Ace Telephone. Lamon noted that there is a lot of confusion and a lot of things that need to be done; he asked if O'Connor would consider being the Communication person. O'Connor agreed to do that as well as speaking with Tim Penny about SMIF funding or coordinating opportunities. Vickerman said she would call or e-mail Vrieze, but Lamon said he would be talking with her as

well. Vickerman stated that she would continue to pursue answers from Naomi Lentz from USDA about whether the Lanesboro Municipal Utility would qualify to apply for the RedLeg grant or not, and if so, what we would need to do to apply for the maximum amount of \$740,000. Another financing option that was discussed was the TIF district, Vickerman noted that the Council would be the only ones that would be able to approve that and stated she would have Mike Bubany clarify the questions that the group had on that in regards to the state portion rising. The group asked if there would be assistance from the City and Utilities to pursue these funds. Vickerman noted that the Council is scheduled to meet on February 9<sup>th</sup>. O'Connor noted that the Public Utilities will discuss the questions brought before them and will have timely answers.

#### **HOUSEKEEPING:**

**Paying of the Bills:** O'Connor made a motion to pay the bills as presented, second Evenson, motion carried.

**Roger Wigner Sewer:** Peterson noted that they have had troubles since last fall and the staff is aware of them cleaning out the sewer in the back yard, because they have the cap off, and there is fecal matter in the back yard. O'Connor made a motion to have the attorney send them a letter by registered mail, second Evenson, motion carried.

**USDA Community Facilities:** O'Connor made a motion for the staff to complete a loan/grant application for 1.2 million to the USDA to cover dam repair costs and hydro upgrades, second Evenson, motion carried.

**Past Due Accounts:** Evenson made a motion to post necessary cut off notices, second O'Connor, motion carried.

**UMMPA Updates:** Wagner noted that another power group is seeking to join with the UMMPA and WWMPG groups to purchase some hydro or biomass power. He said they have also looked at some wind power as well. He noted the next meeting was scheduled for February 5<sup>th</sup> and would consume most of the day.

**Dam/Hydro:** Peterson noted that the estimated savings for 2009 from the Hydro was \$34,736.

The following items were not discussed due to time restraints: water tower, Verizon Wireless, Street Light Grant, Smart Meter Grant and State Bonding Bill. Vickerman noted that the Street Light Grant was sent in asking for \$100,000 with a match of the same amount and that the Dam was still in the Bonding bill so it will be up to Pawlenty as to whether he line item vetoes it or vetoes the entire bill.

#### **ADJOURN:**

The meeting stood adjourned at 1:25 p.m. on a motion by O'Connor, second by Evenson, motion carried.

Respectively submitted,

Bobbie Vickerman  
City Administrator/Clerk